

ECO 383-001: Health Economics

University of Kentucky | Fall 2026 | 3.0 credit hours

Syllabus version: August 20, 2026

Course at a Glance

Course item	Fall 2026 information
Format	In-person course
Regular meetings	Tuesday/Thursday, 11:00 a.m.-12:15 p.m. Eastern Time
Location	Business and Economics Building, Room 183
Regular meeting span	Tuesday, August 25 through Tuesday, December 8, 2026
Final examination	Thursday, December 17; 24-hour availability window; one timed 120-minute Canvas/Respondus attempt

Instructor Information

Item	Information
Instructor	Professor Aaron Yelowitz
Office	225H Business and Economics Building
Email	aaron@uky.edu
Office phone	(859) 257-7634
Office hours	Tuesday/Thursday, 1:00-3:00 p.m. Eastern Time, 225H; additional in-person or Zoom appointments by arrangement
Preferred communication	Canvas Inbox; use University email only if Canvas is unavailable
Appointments	Send two or three proposed times by Canvas Inbox or email
Typical response time	Within 24 hours on business days; weekend and University-holiday messages may take longer

Course Description and Prerequisites

Course Description

This course examines the organization, financing, and management of the U.S. health care system and programs and emphasizes contemporary health-policy concerns. Economic models and empirical evidence are used to analyze health production, insurance, medical-care demand, physician behavior, and medical malpractice.

Prerequisite: ECO 201 and ECO 202, or equivalent.

Required Materials, Technology, Recordings, and Expenses

Required textbook material: Charles E. Phelps, Health Economics, 6th edition (Routledge, 2018; ISBN 978-1-138-20798-1).

Readings: A limited set of policy and academic readings is listed below. Policy readings connect current health-policy questions to economic theory; academic readings support the empirical-methods and medical-malpractice units. Readings are posted in Canvas or linked through UK Libraries before assignment.

Technology: Regular access to Canvas and a computer compatible with Respondus LockDown Browser and Monitor is required. A functioning webcam and reliable internet connection are needed for proctored assessments. Optional, ungraded Respondus practice checks will be available before the first quiz and before the final examination; students are strongly encouraged to use them.

Canvas: [University of Kentucky Canvas](#).

Associated expenses: Students are responsible for access to the required textbook. There is no separate Respondus fee.

Required activities outside regular meeting times: Course-content tutorials, quizzes, and the online final examination. No field trip or other required off-campus activity is planned.

Lecture Recordings and Course Materials

When class recordings are posted in Canvas, they are a supplement, not a substitute for attendance, and are provided on a best-effort basis. Equipment, scheduling, or audio/video failures can occur, especially for whiteboard work. A missing or unusable recording does not by itself change an assignment deadline. Automated transcripts or AI-generated summaries may be posted as an optional convenience; they are not guaranteed, may be incomplete or inaccurate, and are not authoritative course records. Quizzes and examinations are based on lessons and assigned materials, not on transcripts or summaries. Course recordings and materials are for enrolled students only and may not be copied, shared, or redistributed outside the course, except for individual AI-assisted study expressly permitted below. When Echo360 is operating, it may record the full scheduled meeting period even when formal instruction ends early; students should not treat the classroom as a private setting until the scheduled period has ended.

Student Learning Outcomes

After completing this course, the student will be able to:

1. Identify the central institutions of the U.S. health care system and explain why health-care markets differ from ordinary competitive markets.
2. Apply health-production and constrained-choice models, including production frontiers, budget constraints, marginal product, substitution among inputs, and derived demand for medical care.
3. Solve expected-utility and insurance problems involving risk aversion, certainty equivalents, actuarially fair premiums, loading, adverse selection, moral hazard, and nonlinear insurance contracts.
4. Construct and interpret screening-test tables and calculate sensitivity, specificity, predictive values, post-test probabilities, relative and absolute risk, and odds ratios.
5. Distinguish descriptive relationships from causal evidence and interpret randomized experiments, observational comparisons, tables, figures, and regression results.
6. Evaluate RAND and Oregon as randomized insurance experiments, including treatment assignment, compliance, intention-to-treat, local average treatment effects, power, and external validity.
7. Analyze physicians as agents, workers, entrepreneurs, and firms, including payment incentives, practice patterns, induced demand, supply, location, and market structure.
8. Evaluate the medical-malpractice system and reforms by distinguishing adverse outcomes from negligence; analyzing duty, breach, causation, damages, defensive medicine, compensation, and deterrence; and assessing the supporting evidence.
9. Use economic theory and empirical evidence to evaluate current health-policy proposals, behavioral responses, distributional effects, and the limits of what available data establish.

All outcomes are assessed through course-content tutorials, quizzes, and the comprehensive final examination.

Assessment and Grading

Component	Weight	Fall 2026 design
Course-content tutorials	20%	Fourteen graded homework assignments; readings, lectures, economic concepts, mathematical applications, and research-method interpretation; open-note, untimed, unlimited attempts; all count
Quizzes	50%	At least 10; twelve windows planned; students must assume every quiz counts unless a generally applicable exclusion is later announced in Canvas
Final examination	30%	Comprehensive; December 17; 24-hour availability; one timed 120-minute Canvas/Respondus attempt

Grading Scale

Letter grade	Weighted course average
A	90.00-100%
B	80.00-89.99%
C	70.00-79.99%
D	60.00-69.99%
E	Below 60.00%

After all required work is graded, the instructor may lower one or more letter-grade thresholds, but will not raise them. There is no fixed quota for any letter grade. Canvas will use weighted assignment groups matching the published 20%/50%/30% structure. Each course-content tutorial and each quiz that remains in the calculation will be normalized to the same possible points within its assignment group so that each counts equally. The published syllabus weights control if a temporary Canvas display conflicts with them.

Extra credit: Extra credit may be offered sporadically. It is truly extra, does not alter the required 100% or the grading thresholds, and is added only at the end of the semester.

Course-Content Tutorials - 20%

- Course-content tutorials are graded homework assignments, not quizzes or examinations. They cover textbook material, supplemental readings, lecture material, mathematical applications, and interpretation of research methods and empirical results.
- Fourteen course-content tutorials are planned. All count; no tutorial score is dropped.
- Tutorials are released Thursdays at 4:00 p.m. Eastern Time and normally are due the Friday of the following week at 11:59 p.m., a window of slightly more than eight days.
- Tutorial 1 is released Thursday, August 27 and due Friday, September 4. Tutorial 13 is released November 19 and due Friday, December 4. Tutorial 14 is released December 3 and due Tuesday, December 8; its shorter window is disclosed in the schedule below.
- Tutorials are open-book and open-note, untimed, and allow unlimited attempts while open. They are Level 3 AI activities: students may use classmates, notes, readings, and AI as learning resources while critically evaluating the output.
- Tutorial items may be randomized from large pools. Repeated attempts may present different numerical values or scenarios testing the same underlying skill.

Quizzes - 50%

- At least 10 quizzes will be administered. Twelve quiz windows are planned, from Friday, September 4 through Saturday, November 21. No quiz is scheduled during Thanksgiving week or the final two weeks of instruction. If a planned window is canceled, Canvas notice will normally be provided at least one week in advance unless an emergency prevents that notice.

- Students must assume every quiz counts. If more than 10 quizzes are administered, the instructor reserves the right to announce in Canvas that one or more lowest quiz scores will be excluded. No exclusion is guaranteed, and students should not skip a quiz in expectation of a later drop.
- Each quiz window opens Friday at 12:00 a.m. Eastern Time and closes Saturday at 11:59 p.m. The availability window is not the attempt duration. A quiz closes at 11:59 p.m. Saturday whether or not the allotted attempt time has elapsed; students must begin early enough to use their full allowed time, including approved extended time, before the window closes.
- The time limit and item mix may differ by topic and will be stated in Canvas before the quiz opens. A mathematically intensive quiz may contain fewer multi-step items and a longer limit than a primarily conceptual or institutional quiz.
- Quizzes are closed-book, closed-note, Level 0 assessments administered in Canvas using Respondus LockDown Browser and Monitor. The only permitted aids are a calculator and blank scratch paper.
- All of the following are prohibited during a quiz unless expressly authorized as an accommodation: AI tools, online resources, notes, collaboration, phones, tablets, secondary displays, remote-access tools, screen-sharing tools, and assistance from another person.
- A documented excused absence produces a make-up opportunity. The quiz may instead be excluded only if the student agrees in writing. An unexcused missed quiz receives a zero and counts unless the instructor later announces a generally applicable score exclusion.
- Do not discuss quiz questions with anyone until the instructor releases or reviews them.

Final Examination - 30%

Official schedule: [UK Examination Schedules](#). The section's registrar-assigned period is Thursday, December 17, 10:30 a.m.-12:30 p.m.; the course final does not require a 10:30 a.m. start.

- The final is administered online in Canvas using Respondus. The availability window opens at 12:00 a.m. Eastern Time and closes at 11:59 p.m. Eastern Time on December 17. Each student receives one 120-minute attempt once begun.
- The availability window is not the attempt duration. The final closes at 11:59 p.m. whether or not the allotted time has elapsed; students must begin early enough to use their full allowed time, including approved extended time, before the window closes.
- The final is comprehensive and is a Level 0 assessment. The only permitted aids are a calculator and blank scratch paper. The Level 0 device, resource, collaboration, and assistance restrictions stated for quizzes also apply to the final.

Assessment Formats, Technology Practice, and Scoring

- Quizzes and the final may use multiple choice, multiple answer, matching, ordering, numeric/equation entry, interpretation of accessible tables, figures and regression output, short answer, and essay items.
- Quizzes and the final may require students to apply familiar economic concepts, models, or empirical designs to new numerical values, health-policy settings, datasets, tables, figures, or short research descriptions. Assessment questions need not repeat tutorial wording or examples.
- Mathematical and methods topics include health-production models, expected utility and insurance, screening tests and Bayes, risk measures, nonlinear insurance pricing, RAND and Oregon, practice-pattern and physician-effect evidence, and medical-malpractice applications.
- Essay and free-response items are scored by the instructor using a defined rubric. University-approved AI-enabled tools may be used to check rubric consistency or identify responses needing closer review; no AI tool assigns a final score, and the instructor retains final judgment.
- Optional, ungraded Respondus practice checks will be available before the first quiz and before the final examination. They do not contribute to the course grade and are not required interactions.
- Any Canvas or Respondus problem must be reported before the assessment window closes through Canvas Inbox, or through University email if Canvas is unavailable. The report must include a screenshot, the exact error message, and a timestamp. A report made only after the window closes may not establish that the student was unable to complete the assessment.
- After the instructor receives a Letter of Accommodation, approved testing accommodations will be applied to timed assessments. Students should verify the displayed time before beginning and report any discrepancy before starting the assessment.

Artificial Intelligence Use Policy

This course uses assignment-specific levels from the [UK CELT Student AI Use Scale](#). Assignment instructions control if they are more specific than the summary below.

Activity	AI level	Expectation
Lessons, readings, class preparation, and course-content tutorials	Level 3 - Critical Collaborator	AI is encouraged for explanation, practice, and iterative problem solving; students must critically evaluate the output.
Proctored quizzes and final examination	Level 0 - Sole Author	AI use is prohibited. No online resources, notes, collaboration, devices, remote access, screen sharing, or outside assistance; calculator and blank scratch paper only unless an accommodation expressly authorizes otherwise.

AI Accountability and Disclosure

- The student remains responsible for every number, claim, interpretation, and calculation submitted. AI can produce plausible but incorrect explanations, equations, or citations.
- AI output is not a substitute for an underlying scholarly, textbook, or data source. Factual claims and citations must point to the original source.
- Do not upload confidential, private, personally identifying, restricted, or course-protected information to an AI tool. Assigned readings may be uploaded for the student's own individual study unless Canvas specifically marks a reading as license-restricted; assigned files may not be posted, shared, or redistributed.
- Any AI use during a Level 0 assessment, false technical evidence, unauthorized collaboration, or sharing of protected assessment content will be handled under University academic-integrity procedures.
- A paid AI subscription is not required. Microsoft 365 Copilot Chat is available through UK accounts, and free versions of other tools may be used where permitted.

Attendance, Required Interactions, Absences, and Late Work

University attendance policy: [Attendance and Participation in Class](#).

Required interactions: This course has 27 required interactions. For this course, a required interaction is a separately scheduled activity that contributes to the course grade. The 27 interactions are 14 course-content tutorials, 12 quizzes, and the final examination. Each counts once regardless of point value, duration, or course weight. Regular class meetings, office hours, voluntary review activities, optional extra credit, and ungraded Respondus practice checks are not required interactions. If a scheduled graded activity is canceled, an updated total will be announced in Canvas.

Attendance: Strongly encouraged. Attendance is not part of the required 100% course grade. The mathematical models, empirical designs, and supplemental readings are substantially easier to understand with in-class explanation and practice.

Unexcused absences and late work: An unexcused absence carries no separate attendance penalty, but unexcused missed graded work receives a zero. Unexcused late submissions are not accepted unless a specific assignment states otherwise.

Excused absences: University policy governs acceptable excuses and documentation. Except where advance notice is required, a student missing graded work must notify the instructor within five business days after the excused absence and arrange a make-up. The instructor will provide an opportunity to make up graded work; the course grade may be calculated without that work only if the student agrees in writing.

Religious observances: Students observing major religious holidays must provide written notice during the first week of class so that alternative arrangements can be scheduled. An appropriate make-up or alternative arrangement will be provided.

Verification: Verification standards are applied consistently. Documentation accepted under University policy includes appropriate records from University Health Service, the Counseling Center, TRACS, or the VIP Center, as well as official notices for University activities, military duties, or other verifiable circumstances.

Policy on Grade Return

- Course-content tutorial feedback: normally immediate after submission, subject to Canvas settings.
- Quizzes: scores normally posted within one week after the window closes; items may remain hidden until integrity review is complete.
- Final examination and final course grades: submitted to the Registrar by the section-specific deadline, Sunday, December 20, 2026, at 12:30 p.m. Appearance in myUK may occur later.

Midterm Grades

There is no midterm examination. The midterm grade reported during the October 12-26 University window is based on course-content tutorials and quizzes available at that time.

Disability Accommodations and Course Flexibility

Students seeking accommodations must provide the instructor with a Letter of Accommodation from the Disability Resource Center. Accommodations are not retroactive and should be established as early as feasible. Testing accommodations and deadline- or attendance-flexibility accommodations are distinct. Approved testing accommodations will be configured for timed assessments after the instructor receives the letter. Disability-related deadline or attendance flexibility is governed by the DRC's Course Flexibility Plan rather than by the ordinary late-work rule.

Prep Days, Reading Days, and Finals Week

- Prep Days are Monday-Wednesday, December 7-9. Classes meet. No quiz or examination is scheduled. Course-content tutorials are graded homework assignments; Tutorial 14 is regularly scheduled in this syllabus and is collected Tuesday, December 8 under the University's Prep Day provision for scheduled homework. Any review session introduces no new material.
- Reading Days are Thursday-Friday, December 10-11. There are no required interactions or deadlines.
- Finals Week is December 14-17. No homework is assigned or due; the only regular graded activity is the final examination on December 17.

Major Course and University Dates

Authoritative calendar: [University of Kentucky Academic Calendar](#). The tables below contain due dates, not a promised topic-by-topic pacing plan. Reading order and time allocations may change through Canvas announcements.

Date	University or section event
Mon, Aug 24	Fall semester begins
Tue, Aug 25	First ECO 383 class meeting
Fri, Aug 28	Last day to add a full-term class
Fri, Sep 11	Last day to change grading option; last day to drop without a W
Oct 12-26	Midterm grade submission window
Mon-Tue, Oct 26-27	Fall Break; no class Tuesday, October 27
Sat, Nov 14	Last day to withdraw from a full-term class
Wed-Sat, Nov 25-28	Thanksgiving Break; no class Thursday, November 26
Mon-Wed, Dec 7-9	Prep Days; classes meet; no quizzes or examinations
Tue, Dec 8	Last ECO 383 class meeting
Thu-Fri, Dec 10-11	Reading Days; no required interactions
Thu, Dec 17	ECO 383 final examination; 24-hour availability; one timed 120-minute attempt
Sun, Dec 20, 12:30 p.m.	Section-specific final course grade submission deadline

Course-Content Tutorial and Quiz Schedule

The tutorial entries below refer to the fourteen graded homework assignments in the 20% course-content tutorial group.

Date	Course-content tutorial (20%)	Quiz (50%)
Fri-Sat, Sep 4-5	Tutorial 1 due Friday, 11:59 p.m.	Quiz 1 window
Fri-Sat, Sep 11-12	Tutorial 2 due Friday, 11:59 p.m.	Quiz 2 window
Fri-Sat, Sep 18-19	Tutorial 3 due Friday, 11:59 p.m.	Quiz 3 window
Fri-Sat, Sep 25-26	Tutorial 4 due Friday, 11:59 p.m.	Quiz 4 window
Fri-Sat, Oct 2-3	Tutorial 5 due Friday, 11:59 p.m.	Quiz 5 window
Fri-Sat, Oct 9-10	Tutorial 6 due Friday, 11:59 p.m.	Quiz 6 window
Fri-Sat, Oct 16-17	Tutorial 7 due Friday, 11:59 p.m.	Quiz 7 window
Fri-Sat, Oct 23-24	Tutorial 8 due Friday, 11:59 p.m.	Quiz 8 window
Fri-Sat, Oct 30-31	Tutorial 9 due Friday, 11:59 p.m.	Quiz 9 window
Fri-Sat, Nov 6-7	Tutorial 10 due Friday, 11:59 p.m.	Quiz 10 window
Fri-Sat, Nov 13-14	Tutorial 11 due Friday, 11:59 p.m.	Quiz 11 window
Fri-Sat, Nov 20-21	Tutorial 12 due Friday, 11:59 p.m.	Quiz 12 window
Fri, Dec 4	Tutorial 13 due, 11:59 p.m.	No quiz
Tue, Dec 8	Tutorial 14 due, 11:59 p.m. (shorter final window)	No quiz

Final Examination Date

Date	Course event
Thu, Dec 17	Final examination; 24-hour availability, 12:00 a.m.-11:59 p.m. Eastern Time; one timed 120-minute attempt

Weather, University Closures, and Technology Disruptions

Follow UK Alert and University announcements for modified operations. A closure or delay may affect the in-person meeting, a Canvas deadline, or both; any course-specific change will be announced in Canvas. Documented University-wide Canvas or Respondus outages will be accommodated. For an individual technical problem, preserve evidence and contact the instructor before the affected assessment window or deadline closes, as required above.

University Policies and Student Support

Required academic policies: [Academic Policy Statements](#).

Student well-being: [Mental Health and Well-Being Resources](#).

Academic support: [Tutoring and Academic Resources](#).

Academic Ombud: [Academic Ombud Services](#).

Classroom Emergency Preparedness and Response

In an emergency, call 911. For suspicious activity or a non-emergency situation, call UK Police at (859) 257-8573 or #UKPD from a mobile phone. Follow UK Alert messages and directions from emergency personnel. Evacuate through the nearest safe exit and do not use elevators; for severe weather, move to a marked shelter or an interior low-level area away from windows; when instructed to shelter in place, remain in a secure interior location; for an active aggressor, Run if possible, Hide if escape is not possible, and Fight only as a last resort.

More information: [UK Police Emergency Response Guide](#).

Academic Integrity and Academic Offenses

University rules on academic integrity and academic offenses apply to this course. Consult the [University of Kentucky Academic Integrity Policy](#) and the [Academic Offenses page](#). The course-specific application below supplements, but does not replace, University rules.

Course-specific application: AI use during a Level 0 assessment, unauthorized collaboration, false technical evidence, use of prohibited devices or resources, or sharing protected assessment content may be referred under University academic-integrity procedures. Suspected violations will be handled through University procedures; course-level consequences may include a zero on the affected work in addition to any University sanction.

Course Readings

The readings are grouped for organization, not as a week-by-week pacing commitment. What is assigned for a given class meeting will be announced in class and Canvas. Unless the instructor states otherwise, assigned readings may be assessed on quizzes and the final examination.

Part 1: Introduction and Current Health-Policy Applications

- Phelps, Charles E. 2018. Health Economics, 6th ed. Routledge. Chapter 1, "Why Health Economics?"
- Adams, Kathleen, Sara Markowitz, and Ryan Nunn. 2018. "How Do Occupational Licensing Rules Affect the Health Care Sector?" Econofact.
- Lawler, Emily. 2019. "Inoculating Adolescents, Protecting the Public." American Economic Association research summary.
- Singer, Jeffrey. 2015. "Seeking Balance in Vaccination Laws." Cato Institute.
- Welch, Matt. 2015. "New York City Makes Ineffective Flu Vaccine Mandatory." Reason.
- Roland, Denise. 2019. "A \$2 Million Drug Is About to Hit the Market." Wall Street Journal.
- Philipson, Tomas, and Andrew von Eschenbach. 2014. "Medical Breakthroughs and Credit Markets." Forbes.

Part 2: Health Production, Risk, Insurance, and Screening

- Phelps, Charles E. 2018. Health Economics, 6th ed. Routledge. Chapter 2, "Utility and Health."
- Instructor supplement: health-production functions, production frontiers versus budget constraints, and derived demand.
- Instructor supplement: expected utility, insurance-market pricing, and adverse selection.
- Instructor supplement: screening tests, Bayes, sensitivity, specificity, predictive values, and diagnostic thresholds.

Part 3: Medical Care and Health

- Phelps, Charles E. 2018. Health Economics, 6th ed. Routledge. Chapter 3, "The Transformation of Medical Care to Health."
- Phelps, Charles E. 2018. Health Economics, 6th ed. Routledge. Chapter 4, "The Demand for Medical Care: Conceptual Framework."
- Phelps, Charles E. 2018. Health Economics, 6th ed. Routledge. Chapter 5, "Empirical Studies of Medical Care Demand and Applications."
- Aron-Dine, Aviva, Liran Einav, and Amy Finkelstein. 2013. "The RAND Health Insurance Experiment, Three Decades Later." Journal of Economic Perspectives 27(1): 197-222.
- Finkelstein, Amy, Sarah Taubman, Bill Wright, Mira Bernstein, Jonathan Gruber, Joseph Newhouse, Heidi Allen, Katherine Baicker, and the Oregon Health Study Group. 2012. "The Oregon Health Insurance Experiment: Evidence from the First Year." Quarterly Journal of Economics 127(3): 1057-1106.
- Instructor supplement: relative risk, absolute risk, risk differences, odds ratios, and study design.

Part 4: Physician Behavior and Markets

- Phelps, Charles E. 2018. Health Economics, 6th ed. Routledge. Chapter 6, "The Physician and the Physician-Firm."
- Phelps, Charles E. 2018. Health Economics, 6th ed. Routledge. Chapter 7, "Physicians in the Marketplace."
- Marton, James, Aaron Yelowitz, and Jeffery C. Talbert. 2014. "A Tale of Two Cities? The Heterogeneous Impact of Medicaid Managed Care." Journal of Health Economics 36: 47-68.

Part 5: Medical Malpractice

- Phelps, Charles E. 2018. Health Economics, 6th ed. Routledge. Chapter 13, "Medical Malpractice."
- Kessler, Daniel P. 2011. "Evaluating the Medical Malpractice System and Options for Reform." Journal of Economic Perspectives 25(2): 93-110.

Syllabus Change Notice

The syllabus may be changed with reasonable notice through Canvas. Changes will not retroactively raise grading thresholds, increase the published component weights, or worsen the treatment of work already submitted. University calendar or policy changes control if they conflict with this document.